

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, MAY 4, 2005**

**C-1     CALL TO ORDER / ROLL CALL**

The City Council Closed Session meeting of May 4, 2005, was called to order by Mayor Beckman at 5:30 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

**C-2     ANNOUNCEMENT OF CLOSED SESSION**

- a) Prospective acquisition of real property located at 13786 N. Lower Sacramento Road (APN 058-230-04), Lodi, California, for right-of-way; the negotiating parties are Tokay Development, Greg Kubota, and City of Lodi; Government Code §54956.8
- b) Actual litigation: Government Code §54956.9(a); one case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al.; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- c) Actual litigation: Government Code §54956.9(a); one case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- d) Conference with legal counsel – initiation of litigation: Government Code §54956.9(c); two cases
- e) Conference with legal counsel – anticipated litigation – significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed
- f) Actual litigation: Government Code §54956.9(a); one case; Fireman's Fund Insurance Company v. City of Lodi, et al., United States District Court, Eastern District of California Case No. CIV-S-98-1489 FCD JFM
- g) Actual litigation: Government Code §54956.9(a); one case; City of Lodi v. Michael C. Donovan, an individual; Envision Law Group, LLP, et al., San Joaquin County Superior Court, Case No. CV025569
- h) Actual litigation: Government Code §54956.9(a); one case; Environmental Forensic Investigations, Inc. v. City of Lodi, San Joaquin County Superior Court, Case No. CV-024899
- i) Actual litigation: Government Code §54956.9(a); one case; Farr Associates v. City of Lodi, San Joaquin County Superior Court, Case No. CV-025075
- j) Actual Litigation: Government Code §54956.9(a); one case; Magellan Environmental, Inc. v. City of Lodi, San Joaquin County Superior Court, Case No. CV-024898

**C-3     ADJOURN TO CLOSED SESSION**

At 5:30 p.m., Mayor Beckman adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:57 p.m.

**C-4     RETURN TO OPEN SESSION / DISCLOSURE OF ACTION**

At 7:01 p.m., Mayor Beckman reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following actions.

In regard to Items C-2 (a), (b), (h), and (j), negotiating direction was received.

Items C-2 (c), (d), (e), (f), (g), and (i) were not discussed.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of May 4, 2005, was called to order by Mayor Beckman at 7:01 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. INVOCATION

The invocation was given by Pastor Michael Malone, Ebenezer Congregational Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Beckman.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 (a) Mayor Beckman presented a proclamation to Mark Chandler, Executive Director of the Lodi-Woodbridge Winegrape Commission, proclaiming the month of May 2005 as “Zinfandel Month” in the City of Lodi.

D-2 (b) Mayor Beckman presented a proclamation to Brad Jones, Veteran Representative with the Employment Development Department, proclaiming the month of May 2005 as “Veteran Appreciation Month” in the City of Lodi.

D-2 (c) Mayor Beckman presented a proclamation to Senior Civil Engineer, Charlie Swimley, proclaiming the week of May 15 – 21, 2005, as “National Public Works Week” in the City of Lodi.

D-2 (d) Mayor Beckman presented a proclamation to Police Chief Adams proclaiming the month of May 2005 as “Peace Officer Memorial Month” in the City of Lodi.

D-3 (a) Police Chief Adams and Assistant Animal Services Officer, Janette deJong, reported that \$500 was donated to People Assisting Lodi Shelter (PALS) from Lodi High School Senior, Francesca Stonum, for the purchase of animal health care equipment.

D-3 (b) Janet Hamilton, Management Analyst, gave a presentation regarding the Celebration on Central event to be held on Sunday, May 15, 2005.

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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Hansen, Beckman second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

E-1 Claims were approved in the amount of \$2,655,445.08.

E-2 The minutes of March 8, 2005 (Shirtsleeve Session), March 8, 2005 (Special Meeting), April 5, 2005 (Shirtsleeve Session), April 5, 2005 (Special Meeting), April 12, 2005 (Shirtsleeve Session), and April 12, 2005 (Special Meeting) were approved as written.

E-3 Received the report of the sale of scrap metal in the amount of \$3,270.44.

- E-4 Approved the plans and specifications and authorized advertisement for bids for one digital micro-ohmmeter.
- E-5 Approved the specifications and authorized advertisement for bids for Maintenance of Lodi Consolidated Landscape Assessment District 2003-1 for Fiscal Year 2005-06.
- E-6 Adopted Resolution No. 2005-84 approving the specifications, authorizing advertisement for bids for sodium hydroxide for the White Slough Water Pollution Control Facility, Fiscal Year 2005-06, and authorizing the City Manager to award or reject bids.
- E-7 Adopted Resolution No. 2005-85 authorizing the City Manager to purchase 384 solid-state meters with Interval Data Module R300 from Itron, Inc., of Spokane, Washington, in the amount of \$32,500.
- E-8 Adopted Resolution No. 2005-86 awarding the sole-source bid for the purchase and installation of Fire Department radio base station emergency alerting system to Delta Wireless, Inc., of Stockton, in the amount of \$31,929.24.
- E-9 Adopted Resolution No. 2005-87 authorizing MapGuide and AutoCad Software Subscription Renewals for Public Works Engineering Division from DLT Solutions, Inc., for \$6,354.02, including tax, and appropriating funds.
- E-10 Accepted improvements under "Blakely Park/Enze Pool Plastering Project, 1050 S. Stockton Street" contract.
- E-11 Adopted Resolution No. 2005-88 approving the encroachment/maintenance agreement for public walkway at Ellerth E. Larson Elementary School, 2375 Giannoni Way, and directed the City Manager and City Clerk to execute the agreement on behalf of the City.
- E-12 Authorized the City Manager to execute agreement with Lodi Unified School District to equally share salary and benefit expenses for four School Resource Officers.
- E-13 Adopted Resolution No. 2005-89 approving consulting services agreement with Borismetrics, Inc. in the amount of \$40,000 to provide professional services to the Electric Utility Department through June 30, 2006.
- E-14 "Authorize the City Manager to execute a contract transferring responsibility for the Viacom Outdoor (highway billboard) lease agreement from the City of Lodi to the Lodi-Woodbridge Winegrape Commission" was ***removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.***
- E-15 "Adopt resolution approving professional services agreement with LSA Associates, Inc. for planning services for various planning functions in the Community Development Department and authorize the City Manager to sign the agreement in the amount of \$8,100 per month for 90 hours of guaranteed service and, if required, time and material costs of additional service" was ***removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.***
- E-16 Adopted Resolution No. 2005-90 approving Traffic Signal and Lighting Agreement amendment for maintenance and electrical energy cost sharing at Westgate Drive and Highway 12 and Cherokee Lane and Harney Lane and authorizing the City Manager to execute the amendment and future amendments.
- E-17 "Adopt resolution approving pedestrian safety improvements on Tokay Street at Virginia Avenue and appropriating funds (\$3,000)" was ***removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.***

- E-18 Adopted Resolution No. 2005-91 approving agreement for Property Tax Allocation Upon Annexation with County of San Joaquin and agreement for the Administration of the County Facilities Fee Program with County of San Joaquin and authorizing the Mayor and the City Manager to execute the agreements on behalf of the City.
  - E-19 Set public hearing for May 18, 2005, to consider the appeal from Lowe's HIW, Inc., regarding the Planning Commission's decision of April 13, 2005, pertaining to the application of design standards for Large Retail Establishments to its Lodi store.
  - E-20 Set public hearing for June 1, 2005, to consider adopting the 2004 California Electrical Code.
  - E-21 Set public hearing for June 1, 2005, to consider resolution establishing an area of benefit and reimbursable costs (\$30,000) for acquisition of property located at 14320 North Lower Sacramento Road (APN 058-140-13).
  - E-22 Set public hearing for June 1, 2005, to adopt by resolution the 2005-06 Financial Plan and Budget and the 2005-06 Appropriations Spending Limit.
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ACTION ON ITEMS REMOVED FROM THE CONSENT CALENDAR

- E-14 "Authorize the City Manager to execute a contract transferring responsibility for the Viacom Outdoor (highway billboard) lease agreement from the City of Lodi to the Lodi-Woodbridge Winegrape Commission"

In response to Council Member Hansen, Mark Chandler, Executive Director of the Lodi-Woodbridge Winegrape Commission, stated that the Commission has a long-term contract with the Sacramento airport for advertising signs. In reference to the highway billboards, he felt that they were valuable enough to warrant continuation of the contracts and the Commission would take over payment until the City is in a better financial condition.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously authorized the City Manager to execute a contract transferring responsibility for the Viacom Outdoor (highway billboard) lease agreement from the City of Lodi to the Lodi-Woodbridge Winegrape Commission

- E-15 "Adopt resolution approving professional services agreement with LSA Associates, Inc. for planning services for various planning functions in the Community Development Department and authorize the City Manager to sign the agreement in the amount of \$8,100 per month for 90 hours of guaranteed service and, if required, time and material costs of additional service"

Council Member Johnson noted that one of the individuals that the City is hiring has very limited experience and questioned whether this would be the best person to work the front desk in Community Development.

City Manager King replied that this person was identified as being compatible with existing staff. Current staff had hoped to work on more complex projects and have a contract employee help with the lighter work. He suggested that it proceed as planned and, if not acceptable, a change can be made later.

Mayor Pro Tempore Hitchcock asked whether hiring an interim Community Development Director had been considered, to which Mr. King answered in the affirmative; however, he felt the approach taken would be more advantageous.

MOTION / VOTE:

The City Council, on motion of Mayor Beckman, Mounce second, unanimously adopted Resolution No. 2005-92 approving professional services agreement with LSA Associates, Inc. for planning services for various planning functions in the Community Development Department and authorizing the City Manager to sign the agreement in the amount of \$8,100 per month for 90 hours of guaranteed service and, if required, time and material costs of additional service.

- E-17 "Adopt resolution approving pedestrian safety improvements on Tokay Street at Virginia Avenue and appropriating funds (\$3,000)"

In reply to Council Member Mounce, Public Works Director Prima explained that a portion of Transportation Development Act funding is earmarked for pedestrian and bicycle related improvements.

Council Member Mounce stated that she had received several calls from people complaining that there was not enough traffic control for children walking to school.

Mr. Prima pointed out that the cost to the traveling public of a stop sign would be that they must stop 24 hours a day even when no one is in the crosswalk. The solutions selected for intersections are site specific.

MOTION / VOTE:

The City Council, on motion of Council Member Mounce, Beckman second, unanimously adopted Resolution No. 2005-93 approving pedestrian safety improvements on Tokay Street at Virginia Avenue and appropriating funds in the amount of \$3,000.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Hansen reported that he had traveled to Washington D.C. twice in the past three months on behalf of the City to deal with energy issues and will be returning again in July. He attended the Northern California Power Agency and the Northwestern Power Association meeting in Washington D.C. on April 24. He stated that Congress passed an energy bill that has been debated for over a decade. It has moved to the Senate and the goal is to have the energy bill on the President's desk by September. Congressman Pombo has been very helpful to Lodi regarding this matter. Mr. Hansen explained that the Federal and State government have oversight of Lodi Electric Utility, which will increase the cost to consumers. Federal energy legislation goals include: 1) developing a workable regional wholesale market; 2) accountability and cost control for the Independent System Operator (ISO); 3) long-term transmission rights at predictable rates; 4) ensure that pre-existing transmission rights are respected; and 5) development of a transmission facility. He explained that new facilities are not being developed because there is so much regulation that no one can afford it. In addition, staff is working on reliability standards, consumer protections, and hydropower licensing process reforms.
- Council Member Mounce announced that Sue Thomas passed away recently and expressed her condolences to the family. She noted that Ms. Thomas was civic minded, very active in the community, and would be greatly missed. She welcomed newly appointed Wade Heath to the Lodi Improvement Committee. She thanked Community Improvement Manager Joseph Wood and Police Volunteer Supervisor Jeannie Biskup for their work with the Police Partners and the new program, which assists Code Enforcement. Last Friday, Ms. Mounce welcomed the Good Sam "Samboree" (recreational vehicle club) attendees at the Grape Festival grounds and on Sunday she volunteered at the Street Fair.

- Council Member Johnson asked when the Council will receive a report on the San Joaquin Council of Governments "One Voice" event, to which Council Member Hansen reported that it would take place at the next Council meeting.
- Mayor Pro Tempore Hitchcock stated that she would be attending the "National Day of Prayer" tomorrow evening and invited others to do so as well.
- Mayor Beckman reported that he had spoken with representatives of the County and Stockton regarding reviving the Greenbelt 2x2x2 Committee and expected that a meeting would be scheduled in the near future. It is desired that Community Development Directors and City Managers from Lodi, Stockton, and the County also participate on the Committee.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider and adopt resolution revising Community Development Department fees.

Community Improvement Manager, Joseph Wood, reported that the Community Development Department is being transitioned away from General Fund reliance by establishing a special revenue fund where fees generated will be directed toward supporting the Department's activities. The Planning Division is 70% fee based, which for the coming year equates to \$350,000 in fees. The fees represent "fully loaded" costs, e.g. salaries, overhead, vehicle maintenance, internal services, etc. He recalled that the Department's proposed fee adjustments were outlined at the March 1 Shirtsleeve Session. Since that time, staff determined that there was a need for an additional fee in the zoning plan check category. It was originally proposed that a \$350 fee would be charged for residential plan check, which would have applied to new construction of a single-family dwelling as well as additions, patio covers, etc. This has now been adjusted to \$350 for commercial/industrial plan check, \$100 for residential plan check, and \$50 for review of an addition or accessory structure. In the Building and Safety Division, the valuation table has changed for cost per square foot for single-family residence. There will be no change in commercial valuations; however, a decrease in permit fees for residential will equate to a \$100,000 reduction and a fund reserve of 10%. In the Community Improvement Division, the existing fee schedule identifies a non-compliance inspection fee of \$100 for the second inspection and \$300 for the third and subsequent inspections. This involves Housing and Dangerous Building Code cases where a permit is necessary for corrections. The fee now proposed for reinspections will be increased from \$40 an hour to \$100 an hour, which represents the "fully loaded" cost. In summary, there will be \$175,000 increase in revenue in the Planning Division, a \$100,000 decrease in revenue in the Building Division, and in the Community Improvement Division there will be an increase of \$4,500 to \$7,000 annually due to the code compliance permit fee.

In response to Council inquiries, Mr. Wood reported that the Department's transition to the special revenue fund would be monitored closely to make sure revenues are in line with staff's projections. The ratios established for each division are: 1) 90% for the Building Division; 2) 70% for the Planning Division, and 3) 30% for Community Improvement. In reference to Code Enforcement, a proposal for new penalty fees will be brought to Council in the future and is not associated with the code compliance permit fee.

Hearing Opened to the Public

- Ann Cerney stated that she perceives this as a form of taxation by fees. She expressed support for the tiered fees related to plan check for commercial, residential, and accessory structures. She encouraged Council to make decisions as comprehensively as possible and to consider overall costs and less obvious expenses that are incurred as part of development activities.

Public Portion of Hearing Closed

Council Member Hansen commented that the County is considering an agricultural mitigation fee and he suggested that Lodi might want to do likewise, to which Mayor Beckman concurred.

MOTION:

Council Member Hansen made a motion, Beckman second, to adopt Resolution No. 2005-94 approving fee increases and establishing new fees for various City services and programs currently offered by the Community Development Department.

DISCUSSION:

Mayor Pro Tempore Hitchcock expressed concern regarding changing fees based on the number of applications received and hoped that the use of contract employees is adjusted according to the workload.

VOTE:

The above motion carried by a unanimous vote.

J. COMMUNICATIONS

J-1 On recommendation of the City's contract administrator and Human Resources staff, the City Council, on motion of Mayor Beckman, Hitchcock second, unanimously rejected the following claims:

- a) Catherine Conrado, date of loss 12/2/04
- b) Sanborn Chevrolet, date of loss 3/11/05

J-2 The following postings/appointments were made:

- a) The City Council, on motion of Mayor Beckman, Mounce second, unanimously directed the City Clerk to post for the following expiring terms:

Greater Lodi Area Youth Commission

Student Appointees:

Ricky Gill	Term to expire August 30, 2005
Gabi del Castillo	Term to expire August 30, 2005
Elisa Villarreal	Term to expire August 30, 2005
Brent Dutra	Term to expire August 30, 2005

- b) The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously made the following appointment:

Lodi Arts Commission

Donald Rosebaugh	Term to expire July 1, 2006
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J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 "Adopt resolution authorizing the City Manager to enter into a retainer fee agreement with Wilcox, Miller & Nelson for the recruitment of a Community Development Director (\$9,200)"

City Manager King recommended that the City engage the services of an executive recruiting firm to assist with the development of an applicant pool for the position of Community Development Director. He stated that recruitment of qualified candidates is becoming more competitive and candidates tend to lean toward entities that have the credibility that an executive recruiting firm provides. Human Resources received five

proposals from executive recruiting firms, and it is recommended that Wilcox, Miller & Nelson be retained for a fee of \$9,200. Mr. King acknowledged that two of the firms solicited had placed him in previous positions and he confirmed that he had no professional relationship with the firm of Wilcox, Miller & Nelson.

In answer to Mayor Pro Tempore Hitchcock, Mr. King explained that a neutral third party provides information to applicants, makes them feel comfortable, and increases the propensity of selective candidates submitting an application.

Kirk Evans, Risk Manager, added that the firm will also prepare a professional brochure, distribute it throughout the state, and make calls to prospects who they feel would be well suited for the position.

Council Member Johnson questioned whether the firm should also be retained to conduct background checks and screen the applications.

Mr. King explained that there were three stages to the recruitment process: 1) development of the candidate pool, 2) interview process, and 3) background check. The firm will provide a tiered list of applicants ranked by qualifications. He anticipated conducting a multiple panel interview process with the top candidates, from which the City Manager would make the final selection from the highest ranked two or three individuals.

Council Member Mounce felt that City staff was capable of handling the recruitment for this position. Ms. Mounce stated that she was pleased with Mr. King; however, she was disappointed with the recruitment process and tactics undertaken to fill the City Manager position. For this reason, Ms. Mounce stated that she would not support this request.

Council Member Hansen noted that background checks are more difficult today and suggested that it might be beneficial to have a professional firm handle the process.

MOTION/ VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, adopted Resolution No. 2005-95 authorizing the City Manager to enter into a retainer fee agreement with Wilcox, Miller & Nelson for the recruitment of a Community Development Director in the amount of \$9,200. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mayor Beckman

Noes: Council Members – Mounce

Absent: Council Members – None

- K-2 “Adopt resolution authorizing the City Manager to execute a reimbursement agreement with Frontier Community Builders for outside planning services related to the Westside and Southwest Gateway Annexation projects and associated development applications”

City Manager King explained that this is an advance agreement to provide for an outside planning service to process an application related to the Westside and Southwest Gateway annexation projects. The application proposal pending before the City involves a variety of different elements including an annexation, growth allocation, and land use entitlements. Mr. King stated that it would be difficult for staff to process the application in a timely manner given the requirements of the Permit Streamlining Act, while maintaining an adequate workforce to provide for day-to-day development activities that come forward. The proposed agreement states that the applicant will pay the City's cost to hire an outside planning firm. The City retains control of the planner, the work, the selection, and the work product. The agreement contains two components: 1) planning work and 2) legal service. A reserve fund with no less than \$30,000 will be maintained by Frontier Community Builders throughout the duration of the agreement.



Mayor Pro Tempore Hitchcock expressed concern that these projects were being fast tracked. She pointed out that the General Plan needs to be updated and the Environmental Impact Report (EIR) was done in 1989. She felt that the City has changed so dramatically since that time that the documents were no longer valid. She was fearful that huge mistakes might be made in this process without having the expertise of a Community Development Director.

Mr. King noted that staff had not yet determined what the appropriate level of environmental documentation should be for the project and further analysis would be required to determine if the initial study was adequate.

Council Member Mounce agreed with Ms. Hitchcock, stating that the EIR is inadequate, there is no plan for a greenbelt or how to pay for it, and low-income housing needs to be addressed. She preferred that the General Plan update be completed before a decision is made to annex 500 acres of farmland.

Mr. King explained that the land in question is currently contained in the City's General Plan and sphere of influence. The City has accepted the application and has an obligation to respond.

Council Member Hansen pointed out that approving this request does not approve the project.

Mayor Beckman asked that the topic of an agricultural mitigation fee be placed on an agenda in the near future for discussion. He noted that the project proponents may also end up paying regional transportation impact fees and agricultural mitigation fees.

MOTION:

Council Member Hansen made a motion, Beckman second, to adopt Resolution No. 2005-96 authorizing the City Manager to execute a reimbursement agreement with Frontier Community Builders for outside planning services related to the Westside and Southwest Gateway Annexation projects and associated development applications.

DISCUSSION:

In answer to Council Member Johnson, City Attorney Schwabauer reported that he drafted the proposed agreement and assured Council that it does not grant any entitlements.

Council Member Mounce stated that though she was not in support of the project as she currently understood it, she would support the motion so that taxpayers would not be further burdened for the cost of planning services.

PUBLIC COMMENTS:

- Ann Cerney stated that she was speaking on behalf of herself and Citizens for Open Government. She felt that the City was not ready to take action on this matter and believed there was a reasonable basis to put the land use project in abeyance without violating the Permit Streamlining Act.

Mayor Pro Tempore Hitchcock questioned the necessity for this action because authority now exists to hire contract employees when necessary and to charge Community Development fees to cover costs.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, and Mayor Beckman

Noes: Council Members – Hitchcock and Mounce

Absent: Council Members – None

- K-3 "Adopt resolution approving professional services agreement with LSA Associates, Inc. for processing Frontiers Community Builders Development land use applications and related annexations and authorize the City Manager to sign the agreement (\$84,348)"

City Manager King recommended that Council approve the agreement with LSA Associates to process the land use applications.

PUBLIC COMMENTS:

- Ann Cerney commented that issues related to affordable housing have not been addressed. In addition, she noted that this matter had not been considered by the Planning Commission.

Mayor Beckman distributed to Council a copy of the League of California Cities President's Message, which stated that the number one goal is to expand the housing supply and affordability (filed).

Mayor Pro Tempore Hitchcock did not believe that the proposed projects would provide affordable housing.

MOTION / VOTE:

The City Council, on motion of Council Member Johnson, Beckman second, adopted Resolution No. 2005-97 approving professional services agreement with LSA Associates, Inc. for processing Frontiers Community Builders Development land use applications and related annexations in the amount of \$84,348 and authorizing the City Manager to sign the agreement. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, and Mayor Beckman

Noes: Council Members – Hitchcock and Mounce

Absent: Council Members – None

RECESS

At 9:19 p.m., Mayor Beckman called for a recess, and the City Council meeting reconvened at 9:30 p.m.

K. REGULAR CALENDAR (Continued)

- K-4 "Presentation of the City Manager's Recommended Draft Fiscal Year 2005-06 Budget and Financial Plan"

City Manager King reported that the 2005-06 Budget and Financial Plan would be distributed to Council within the next day or two. He stated that the principle objective of this year's budget was to stabilize the General Fund and not further deplete reserves. Staff intends to maintain the current level of services to the public, though responsiveness and quality of services may be reduced. A framework was established to meet the goal of a minimum 15% (of operating costs) reserve standard for the General Fund and all utilities. The "All Funds" expenditure is \$158,365,000. Electric Utility accounts for 41% of the expenditures, while the General Fund amounts to 28%. Human Resources has been eliminated as a department and is now a division of the City Manager's Office. It is recommended that five contract positions be added as full-time authorized positions. It is proposed that the General Fund budget in 2005-06 be \$43,843,000 (for expenditures and revenues). This is \$4.5 million higher than the 2004-05 expenditure budget; however, if the transfers to other funds (\$3.6 million) were removed, the increase to expenditures would amount to only 2.6%. The General Fund balance projected for June 30, 2005, is \$1,565,100 of unrestricted, undesignated money. The same amount or more is projected for the end of the 2005-06 fiscal year. Tax revenue represents the most significant portion of the budget. There has been an increase in property tax and a decrease in sales tax. The State is holding back one-quarter of Lodi's sales tax and reimbursing the City the same

amount with property tax, which is to allow the State to sell financial recovery bonds. Staff will track the true property and sales tax independently. There is an overall increase in General Fund revenue of 14%. In 2004-05, actual revenues are projected to exceed the original budget projection by nearly \$2 million. Revenues are projected to increase in 2005-06 by \$5.5 million over 2004-05 figures. The Police Department accounts for 30% of General Fund expenditures, and Fire Department expenditures amount to 18%. The category of "Non-Departmental" is where transfers from the General Fund to other departments are accounted for. It is recommended to maintain 29 vacant positions through 2006-07, which represents 8% of the workforce. In 2004-05, the General Fund expenditure attributed to the Community Development Department amounted to \$633,000, and in 2005-06 the projected amount is \$350,000. The Library has a \$757,000 reserve, which amounts to 47% of its operating costs. For this reason, it is proposed that 2005-06 General Fund expenditures toward the Library remain consistent with the 2004-05 level. 2005-06 Community Promotions funding will also remain consistent with 2004-05 levels, with the exception of funding for outdoor billboards. The Voluntary Time Off program will be terminated, as it is accumulating an unfunded liability. The General Fund will be paying \$1.7 million in debt service. Personnel costs represent 30% of the entire City budget and 77% of the General Fund budget. Of personnel costs, benefits represent 38%, retirement 15%, and health insurance 12%. Expenditures for the Water Utility in 2005-06 are projected at \$8,053,070, with unrestricted, undesignated funds at the end of the fiscal year being \$269,000. The Wastewater Utility is projected to have an unrestricted, undesignated fund balance of just over \$2 million at the end of this year. Wastewater Utility expenditures will total \$16,644,000. Electric Utility is anticipated to have an unrestricted, undesignated fund balance of \$6 million. Included in that amount is money being returned from the General Fund that was borrowed from Electric Utility. Due to the cost of bulk power purchases, it is anticipated that the Electric Utility will be in a deficit position at the end of fiscal year 2005-06 in the amount of \$2,198,000. In 2004-05, the City budgeted \$32,650,000 to purchase bulk power; however, actual expenditures were \$36,730,000. In 2005-06, bulk power purchases are budgeted at \$41,000,000.

In answer to Council inquiries, Mr. King reported that the transfer includes an in-lieu transfer and a direct transfer for services, which are made throughout the year. He explained that when the budget was prepared for 2004-05 there was an amount estimated for service charges and transfers from capital reserve that was offset against expenses. There was an amount budgeted under Other Sources and Uses of \$3,026,350.

In reference to the \$3,026,350 Other Sources and Uses amount, Electric Utility Director Vallow stated that there were "a lot of pieces to it and some made sense and others did not."

Finance Director Krueger explained that \$1.4 million (of the \$3,026,350 Other Sources and Uses amount) was related to capitalization of workforce type activities, \$2 million of the amount was related to an adjustment for fuel cost, which may have been anticipated revenue increases, and \$300,000 was an allocation of the total amount of loss associated with the Vehicle License Fee take away by the State.

Council Member Johnson expressed disappointment with the information provided thus far related to Electric Utility's financial situation and looked forward to getting a complete explanation in the future.

Mr. King outlined the following future issues:

- Work on General Fund reserve goals;
- Pay attention to maintenance and replacement and bring to Council a plan on how to address future maintenance;

- If the housing market should drop, Proposition A provides for an appeals method – this will be tracked and monitored; and
- A new Governmental Accounting Standard Board rule requires that cities accrue retiree health care costs, which is presently a developing unfunded liability.

Mayor Pro Tempore Hitchcock stated that she would like to see the difference between revenues and expenses applied to the 15% reserve.

MOTION / VOTE:

There was no Council action taken on this matter.

- K-5 “Approve expenses incurred by outside counsel relative to the Environmental Abatement Program litigation (\$223,644.83)”

City Attorney Schwabauer reviewed invoices as detailed in the staff report (filed).

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously approved the expenses incurred by outside counsel, Folger, Levin & Kahn, relative to the Environmental Abatement Program litigation in the amount of \$223,644.83, as detailed below:

Folger Levin & Kahn - Invoices Distribution						
Matter No.	Invoice No.	Date	Description	Total	Distribution	
				Amount	171399.7323	183453.7323
2002	87116	02/28/05	City of Lodi v Lehman	13,581.32	6,790.66	6,790.66
				(2,437.50)	(1,218.75)	(1,218.75)
2003	87117	02/28/05	Farr Associates v City of Lodi	2,540.42	1,270.21	1,270.21
2005	87118	02/28/05	Environmental Forensic v City of Lodi	14,448.50	7,224.25	7,224.25
2006	87067	02/28/05	Magellan Env. v City of Lodi	1,995.00	997.50	997.50
8002	87119	02/28/05	People v M&P Investments	108,378.97	54,189.49	54,189.49
				(6,414.00)	(3,207.00)	(3,207.00)
8003	87120	02/28/05	Hartford Insurance Coverage Litigation	37,511.73	18,755.87	18,755.87
8006	87121	02/28/05	Fireman's Fund/ Unigard Appeal	41,172.18	20,586.09	20,586.09
8007	87122	02/28/05	Regulatory Agency Orders	4,190.97	2,095.49	2,095.49
8008	87072	02/28/05	Envision Law Group	9,072.24	4,536.12	4,536.12
				(395.00)	(197.50)	(197.50)
				<u>223,644.83</u>	<u>111,822.42</u>	<u>111,822.42</u>

*Continued May 4, 2005*

L. ORDINANCES

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:57 p.m.

ATTEST:

Susan J. Blackston  
City Clerk